

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	Chapter 11
	§	
POLARIS OPERATING, LLC, <i>et al</i>	§	Case No. 23-32810 (CML)
	§	
Debtors¹.	§	(Jointly Administered)

PICKFORD INVESTMENTS LLC’S OBJECTION TO
DEBTORS’ CURE NOTICE
(Docket No. 211 and 218)

Pickford Investments LLC (“Pickford”) files its Objection to the Debtors’ Cure Notice (Docket No. 211 and 218, the “Cure Notice”). Pickford objects to the cure amount listed in the Cure Notice for the contract between Debtor Polaris Operating LLC (“Polaris”) and Pickford. In support of its Objection, Pickford would respectfully show the Court as follows:

INTRODUCTION

1. The Debtors filed this Chapter 11 proceeding on July 28, 2023. In connection with the sale of their assets, the Debtors filed a motion to establish bid procedures on November 16, 2023. (Docket No. 211). The Court approved the bid procedures on November 21, 2023. (Docket No. 222, the “Bid Procedures Order”).

2. Under the Bid Procedures Order, some of the Debtors’ contracts (the “Assigned Contracts”) will be assumed by the Debtors and assigned to the parties that purchase the Debtors’ assets. The Bid Procedures Order requires the Debtors to give notice to the parties to the Assigned Contracts that their contract may be assumed and assigned. The Debtors are required to include the cure amounts for the Assigned Contracts in the notice to the contract counter-parties.

¹ The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: CCCB Energy Partners, LLC (5918); Polaris Operating, LLC (9852); NAP I, LLC (6767); and Cottonwood Gas Gathering, LLC (8983). The Debtors’ service address is: 5944 Luther Lane, Suite 400, Dallas, TX 75225.

3. On November 16, 2023, the Debtors filed the Cure Notice (Docket No. 211-2) and filed a revised cure notice on November 20, 2023 (Docket No. 218). The Cure Notice erroneously states that the Debtors do not have any unpaid monetary obligations to Pickford. As required by the Bid Procedures Order, Pickford objects to the alleged \$0 cure amount and states the actual amount needed to cure the Debtors' defaults.

THE CONTRACT BETWEEN POLARIS OPERATING LLC AND PICKFORD

4. Pickford owns working interests in some of the properties operated by Debtors. Those properties are governed by a Joint Operating Agreement (the "JOA") between Polaris and Pickford. The Debtors listed the JOA in its Cure Notice. Polaris also scheduled the JOA as an executory contract. (Docket No. 137-1, page 42, item 2.26). Unquestionably, there is a JOA between Pickford and Polaris.

OBJECTION TO CURE AMOUNT ON THE JOA

5. The Debtors erroneously listed the cure amount for the JOA as being \$0. The cure amount alleged by the Debtors is wrong. There is no doubt that Pickford is owed money under the JOA. Debtor CCCB Energy Partners scheduled Pickford as being owed \$74,394.81. (Docket No. 138-1, page 74, item 346). This amount is just part of the unpaid working interest revenues that are owed to Pickford. The Debtors' schedules, on their face, admit that they are incomplete. The "Date Debt Was Incurred" is listed as 11/30/2022-4/30/2023. The Debtors usually paid working interest revenues two months after the production month. The span of time listed indicates that the Debtors admit that Pickford is owed \$74,394.81 for six months of working interest revenues, from October 2022 through March 2023 production. That leaves several other months of working interest revenues that have not yet been paid. The Debtors recently provided an accounting showing that the Debtors owe Pickford working interest revenues totaling \$91,063.04.

To cure the Debtors' defaults under the JOA, the Debtors, or the party purchasing the Debtors' interests, would have to pay, at a minimum, the sum of \$91,063.04.

6. The amounts owed to Pickford will continue to accrue each month. The cure amount will only increase. Pickford reserves the right to supplement or amend this Objection as appropriate.

WHEREFORE, Pickford Investments LLC respectfully requests that the Court sustain this Objection and set the cure amount for the JOA between Pickford and Polaris as being at least \$91,063.04.

Dated: December 8, 2023

Respectfully Submitted,

SANDERS PLLC

By: /s/ Michael C. Sanders

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LLC

CERTIFICATE OF SERVICE

The undersigned certifies that on December 8, 2023, a true and correct copy of the foregoing instrument was served, in accordance with the Federal Rules of Bankruptcy Procedure, via email on all parties registered to receive electronic notice of filings in this case via this Court's ECF notification system, including the debtor's counsel, the trustee's counsel, the United States Trustee, and all parties requesting notice.

/s/ Michael C. Sanders

Michael C. Sanders